

FILE NO. 86-0450

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BOOK 16  
COMMONWEALTH RECORDERGROUND LEASE

THIS GROUND LEASE is made and executed on this 10<sup>th</sup> day of March, 1986, by and between JOVITA B. TOMOKANE, of Saipan, Northern Mariana Islands, hereinafter referred to as Lessor, and GRACE INTERNATIONAL, INC. a Northern Mariana Islands corporation, hereinafter referred to as Lessee.

## WITNESSETH:

1. Demise and term. For and in consideration of the rental payment of ONE HUNDRED SIX THOUSAND NINE HUNDRED THIRTY DOLLARS (\$106,930.00) for the entire term hereof, as provided in Paragraph 18, herein, and in consideration of the mutual covenants herein contained, Lessor grants and leases to Lessee, and Lessee hires from Lessor, the following premises situated on the Island of Saipan, Village or District of Susupe, Northern Mariana Islands, to wit:

E.A. No. 121"C", containing and area of 6,290 square meters, more or less, as more particularly described on Drawing/Cadastral Plat No. 102/78, the original of which was registered with the Land Registry as Document No. 7464 on the 23rd of June, 1978.

To have and to hold the same, together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in any wise appertaining, for a term of Fifty-Five years, commencing on the Eighth day of March, 1986, and ending on the Eighth day of March, 2041.

2. Warranty of title and quiet enjoyment. Lessor warrants and covenants that Lessor is seized of the demised premises in fee simple, that the same are free, clear, discharged and unencumbered of and from all former and other grants, titles, and encumbrances of whatsoever kind or nature, excepting only those shown on the Certificate of Title, Document No. 16974, that Lessor has full right and authority to enter into this Ground Lease, and that Lessor shall, upon the commencement date for the term of this Lease as hereinafter set forth, place Lessee in quiet possession of the

1 demised premises and the Lessee shall lawfully and quietly  
2 hold, occupy and enjoy the demised premises during the term of  
3 this Ground Lease without hindrance or molestation by Lessor  
4 or any person claiming by, through or under Lessor, or any  
5 other person lawfully claiming or to claim the demised  
6 premises.

7 3. Right to sublet or assign. Lessee may assign or  
8 sublet the demised premises and Lessee's rights under this  
9 Ground Lease in whole or in part without Lessor's consent and  
10 without notice to Lessor.

11 4. Right to encumber property. Lessee shall have the  
12 right, without Lessor's consent and without notice to Lessor,  
13 to mortgage or convey by deed of trust, or other proper  
14 instrument, all or any part of the demised premises, or to  
15 create any other encumbrance on all or any part of such  
16 premises, provided that no such encumbrance shall extend to or  
17 affect Lessor's reversionary interest in the premises, except  
18 with Lessor's consent, and except as hereinafter provided.

19 5. Financing agreements. Lessee may finance the  
20 construction of improvements on the demised premises and it is  
21 understood and agreed that all of the demised premises may be  
22 used as security for any loan or loans, temporary or  
23 permanent, required to construct the improvements. After full  
24 and timely payment as provided in paragraph 18 herein, upon  
25 demand by Lessee, Lessor will subordinate its interest in the  
26 demised premises to such financing and will cooperate with  
27 Lessee in obtaining the same and will execute any instrument,  
28 including, without limitation, notes, mortgages, deeds of  
29 trust, or other evidences of indebtedness reasonably required  
30 in therewith; provided, however, that the instruments so  
31 executed by Lessor shall provide that the mortgagee or payee,  
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1 as the case may be, shall look solely to the security of the  
2 real estate for the payment of the indebtedness and will not  
3 seek to collect the indebtedness from or obtain a deficiency  
4 judgment against Lessor. No costs, fees, title insurance  
5 charges, recording fees, taxes, or legal fees incurred or  
6 payable in connection with such encumbrance shall be paid by  
7 Lessor.

8 6. Estoppel certificates. Lessor shall, at any time and  
9 from time to time, upon not less than ten days prior notice  
10 from Lessee, execute, acknowledge, and deliver to Lessee a  
11 statement in writing certifying that the Ground Lease is  
12 unmodified (or in full force and effect as modified and  
13 stating the modification or modifications) and that there are  
14 no defaults existing, or if there is any claimed default  
15 stating the nature and extent thereof. It is expressly  
16 understood and agreed that any such statement delivered  
17 pursuant to this section may be relied upon by third persons.

18 7. Improvements. Lessee may construct buildings for  
19 dwellings or business or any other purpose, may construct  
20 terraces and landscaping, may plant fruit bearing and other  
21 trees, or may otherwise generally alter or improve the  
22 property at Lessee's own cost. Upon the termination of this  
23 Ground Lease, all such improvements remaining on the land  
24 shall become the property of Lessor.

25 8. No duty to repair. Neither Lessor nor Lessee shall  
26 be under any duty to the other to maintain, restore, repair,  
27 or replace the premises or any part thereof or any improvements  
28 thereon which may become damaged, lost or destroyed during the  
29 term hereof.

30 9. Utilities and other charges. Lessee shall assume and  
31 fully pay for all water, gas, heat, light, power, telephone  
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1 service, and other public utilities of every kind furnished to  
2 the premises through the term hereof and Lessor shall have no  
3 responsibility of any kind for any thereof.

4 10. Taxes and assessments. (a) Lessee shall pay and  
5 discharge all taxes, assessments, rates, charges, license  
6 fees, municipal liens, levies, excises, or imposts, whether  
7 general or special, or ordinary or extraordinary, of every  
8 name, nature and kind whatsoever, including all governmental  
9 charges of whatsoever name, nature, or kind, which may be  
10 levied, assessed, charged, or imposed, or which may become a  
11 lien or charge on or against the premises, or any part  
12 thereof, the leasehold of Lessee herein, the premises  
13 described herein, any building or buildings, or any other  
14 improvements now or hereafter thereon, or on or against  
15 Lessee's estate hereby created which may be a subject of  
16 taxation, or on or against Lessor by reason of its ownership  
17 of the fee underlying this Ground Lease, during and in respect  
18 of the entire term thereof, excepting only those taxes  
19 hereinafter specifically excepted. All taxes and charges  
20 under this Section shall be prorated at the expiration of the  
21 term hereof.

22 (b) Anything in this section to the contrary  
23 notwithstanding, Lessee shall not be required to pay any  
24 estate, gift, inheritance, succession, franchise, income, or  
25 excess profits taxes which may be payable by Lessor or  
26 Lessor's legal representative, successors, or assigns, nor  
27 shall Lessee be required to pay any tax that might become due  
28 on account of ownership of property other than the premises  
29 herein leased which may become a lien on the premises or  
30 collectable out of the same.

31 (c) Lessee shall have the right to contest the  
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1 validity of any tax or special assessment payable by him which  
2 Lessee deems to have been illegally levied or assessed against  
3 the premises, and for the purpose shall have the right to  
4 institute such proceeding or proceedings in the name of Lessor  
5 as Lessee may deem necessary, provided that the expenses  
6 incurred by reason thereof shall be paid by Lessee, and  
7 provided, further, that it is necessary to use the name of  
8 Lessor in carrying on such proceedings.

9 11. Eminent domain. In the event of a taking by right of  
10 eminent domain or other authority of law of all or part of the  
11 premises, prior to the expiration of the term of this Ground  
12 Lease, Lessee shall not by reason thereof be entitled to any  
13 claim against Lessor for compensation or indemnity for his  
14 leasehold interest. However, all compensation and damages for  
15 or on account of any land and improvements taken payable to  
16 Lessor for Lessor's interest as owner as well as that payable  
17 to Lessee for Lessee's leasehold interest, shall be payable to  
18 and become the sole property of Lessee, provided, however,  
19 that the amounts to be paid under Paragraph 18, herein, shall  
20 be first fully satisfied. Lessee shall have the right to  
21 represent Lessor and Lessor's interest in any proceeding in  
22 eminent domain or condemnation to determine the validity of  
23 the taking or the amount of award compensation therefor, and  
24 to negotiate and compromise on Lessor's behalf, under the  
25 threat of condemnation or while condemnation proceedings are  
26 pending for an amount of award or compensation.

27 12. Indemnification of Lessor by Lessee. Lessee shall,  
28 at all times prior to the expiration of this Ground Lease,  
29 indemnify Lessor against all liability, loss, cost, damage, or  
30 expense sustained by Lessor, including attorney's fees and  
31 other expenses of litigation, arising prior to expiration of  
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1 the term hereof and delivery to Lessor of possession of the  
2 premises:

3 (a) On account of or through the use of the demised  
4 premises or improvements or any part thereof by Lessee or by  
5 any other person for any purpose inconsistent with the  
6 provisions of this Ground Lease.

7 (b) Arising out of, or direct or indirectly due to,  
8 any failure of Lessee in any respect promptly and faithfully  
9 to satisfy Lessee's obligations under this Ground Lease.

10 (c) Arising out of, or directly or indirectly due  
11 to, any accident or other occurrence causing injury to any  
12 person or persons or property resulting from the use of the  
13 demised premises and improvements or any part thereof.

14 (d) For which the Lessor as owner of the demised  
15 premises or interested therein may hereafter without fault by  
16 Lessor become liable, and especially, but not exclusively, any  
17 such liability, loss, cost, damage, or expense that may arise  
18 under any statute, ordinance, or regulation.

19 However, no such indemnification shall be required  
20 with respect to losses or liabilities arising by reason of the  
21 negligence of Lessor.

22 13. Power of attorney. (a) Lessee shall have the right  
23 to survey the premises, apply for registration of the title of  
24 Lessor's interest, and to act for Lessor and in Lessor's name  
25 with respect to the premises at any land registration  
26 proceedings or any proceeding in a Court or other judicial or  
27 administrative body to determine title of any interest in and  
28 to the premises or any part thereof. Lessee shall have the  
29 power to approve and consent to boundary placements and  
30 location with respect to the premises, or changes of the legal  
31 description of the property upon official plats, and to do all  
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1 things necessary and proper to secure a Certificate of Title  
2 or otherwise document title and any interest in and to the  
3 premises or any part thereof. Lessee is hereby designated to  
4 receive and have possession of all title evidence and  
5 documents, including, but not limited to an Owner's Duplicate  
6 Certificate of Title or any similar instrument evidencing  
7 Lessor's interest in the premises which Lessor shall be  
8 entitled to receive.

9 (b) For the purposes contained in this section, and  
10 to effectuate the rights of Lessee under other provisions of  
11 this Ground Lease, Lessor does hereby make, appoint, and  
12 constitute Lessee as Lessor's lawful attorney to deal with  
13 lessor's interest in the premises in Lessor's name, place, and  
14 stead and to do and perform all and every act that Lessor  
15 might lawfully do through an attorney with respect to the  
16 premises, hereby ratifying and affirming that which Lessee  
17 shall lawfully do or cause to be done by virtue hereof. This  
18 power is irrevocable, coupled with an interest, and shall end  
19 upon the expiration of this Ground Lease. Until such  
20 expiration, this power shall run with the land and the  
21 respective interests created by this Ground Lease, inuring to  
22 the benefit of the Lessee and Lessee's successors and assigns,  
23 and binding the Lessor and Lessor's successors and assigns.

24 (c) The power in this section shall not be construed  
25 to empower Lessee to transfer or encumber or otherwise deal  
26 with Lessor's reversionary or fee interest, except as  
27 reasonably necessary to settle and establish the boundaries of  
28 the premises, nor shall the Lessee be empowered to create any  
29 debt, obligation, liability or promise of personal performance  
30 for which Lessor may be responsible or for which any person  
31 shall have recourse against Lessor or any of Lessor's property  
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1 other than the demised premises. All actions done by Lessee  
2 under the section shall be done at Lessee's sole cost.

3 (d) Upon the expiration of this Ground Lease and the  
4 delivery of the premises to Lessor, Lessee shall surrender to  
5 Lessor all title documents and evidence of title to the  
6 premises in Lessee's possession.

7 14. Attorney's fees. In the event either Lessee or  
8 Lessor shall bring any proceeding for an alleged violation of  
9 any of the provisions of this Ground Lease the prevailing  
10 party shall be entitled to recover as a part of such  
11 proceeding attorneys' fees and costs as determined in the  
12 proceeding.

13 15. Notice. Any notice required or permitted under this  
14 Ground Lease shall be in writing and shall be deemed given  
15 when delivered in person or if by mail or telegram when  
16 actually received by the party to whom that notice is given.

17 16. Construction and nature of the Ground Lease. Reference  
18 herein to the "Ground Lease" or the lease, generally, shall  
19 include this agreement and any written and properly executed  
20 amendment of it. The Ground Lease shall be construed in  
21 accordance with the laws of the Northern Mariana Islands, and  
22 itself shall not be construed to grant a permanent interest in  
23 real property within the Commonwealth of the Northern Mariana  
24 Islands. If any provision of this Ground Lease shall be held  
25 void or unenforceable by a court of competent jurisdiction,  
26 the remainder of this Ground Lease shall not be affected  
27 thereby and shall be construed as if in the absence of the  
28 void or unenforceable provision. The covenants contained  
29 herein are independent and not dependent. No breach by Lessee  
30 shall operate to terminate or cause a forfeiture of the  
31 leasehold estate created hereby.  
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1       17. Parties bound. The covenants and provisions herein  
2 contained shall run with the land and shall apply to and bind  
3 the heirs, successors, executors, administrators, and assigns  
4 of all of the parties hereto.

5       18. Installment payments of rent. The rent and consider-  
6 ation for this lease is a total of ONE HUNDRED SIX THOUSAND  
7 NINE HUNDRED THIRTY DOLLARS (\$106,930.00) paid as follows:  
8 (a) FIVE THOUSAND DOLLARS (\$5,000.00) on execution of this  
9 Ground Lease, the receipt of which is hereby acknowledged,  
10 (b) THIRTY-FIVE THOUSAND SIX HUNDRED FORTY-THREE AND 33/00  
11 DOLLARS (\$35,643.33) seventeen days after the date hereof;  
12 (c) THIRTY-FIVE THOUSAND SIX HUNDRED FORTY-THREE AND 33/00  
13 DOLLARS (\$35,643.33) three months and ten days after the date  
14 hereof, and (d) the balance of THIRTY THOUSAND SIX HUNDRED  
15 FORTY-THREE AND 34/00 DOLLARS (\$30,643.34) six months and ten  
16 days after the date hereof. If said amounts shall not be paid  
17 when due, then this Ground Lease shall be null and void and  
18 all moneys paid and all improvements placed on the premises  
19 shall be retained by and be the sole property of the Lessor.  
20 Upon the tender of the final payment provided for herein,  
21 Lessor shall execute, acknowledge and deliver to Lessee a  
22 written acknowledgement of satisfaction of the rent obligations  
23 of this lease in full.

24       19. The Lessor hereby covenants with the Lessee that the  
25 Lessor shall not sell, mortgage, lease, encumber or otherwise  
26 dispose of the reversionary interest of the demised premises  
27 before the expiration of the term hereby granted saved and  
28 excepted with the written consent of the Lessee.

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1 IN WITNESS WHEREOF, the parties have hereunto set their  
2 hands the date and year first above-written:

3  
4 LESSOR

LESSEE:

5 GRACE INTERNATIONAL, INC.  
6 A Northern Mariana Islands  
7 Corporation

8  
9 Jovita B. Tomokane  
10 JOVITA B. TOMOKANE

By: [Signature]  
11 LAM CHOR SING  
12 Its Authorized Representative

13 COMMONWEALTH OF THE NORTHERN :  
14 MARIANA ISLANDS :  
15 SAIPAN, MARIANA ISLANDS :  
16

ACKNOWLEDGMENT

17 On this 10<sup>th</sup> day of March, 1986, before me,  
18 the undersigned notary, personally appeared JOVITA B. TOMOKANE,  
19 known to me to be the person whose name is subscribed to the  
20 within instrument and acknowledged that she executed the same  
21 for the purposes therein contained.

22 In Witness Whereof, I hereunto set my hand and official  
23 seal.



Wilhelmina Ann Whitlatch  
NOTARY PUBLIC

WILHELMINA ANN WHITLATCH  
Government of the Northern Mariana Islands  
My Commission expires on the  
29 day of July, 19 87

1 COMMONWEALTH OF THE NORTHERN :  
 2 MARIANA ISLANDS : ACKNOWLEDGMENT  
 3 SAIPAN, MARIANA ISLANDS :  
 4 \_\_\_\_\_ :

5 On this 10<sup>th</sup> day of March, 1986, before me,  
 6 the undersigned notary, personally appeared LAM CHOR SING,  
 7 known to me to be the duly authorized representative of Grace  
 8 International, Inc., that executed the within instrument, and  
 9 acknowledged to me that such corporation executed the same for  
 10 the purposes therein contained.

11 In Witness Whereof, I hereunto set my hand and official  
 12 seal.



13 Wilhelmina Ann Whitlatch  
 14 NOTARY PUBLIC

15 WILHELMINA ANN WHITLATCH  
 16 Government of the Northern Mariana Islands  
 17 My Commission expires on the  
 18 29 day of July, 19 87

BORJA and SALAS  
ATTORNEYS AT LAW  
P.O. Box 1308  
SAIPAN, CM 96950

TELEPHONE 7258 or 7455

87-3597  
FILE NO.

27 OCT 22 P2 18

BOOK 2 101  
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COMMONWEALTH RECORDER

MODIFICATION AND CONFIRMATION

OF GROUND LEASE

Agreement made October \_\_\_\_\_, 1987, between JOVITA B. TOMOKANE, of Saipan, Northern Mariana Islands, hereinafter referred to as Lessor, and GRACE INTERNATIONAL, INC. a Northern Mariana Islands Corporation, hereinafter referred to as Lessee.

RECITALS

1. The parties hereto have entered into a lease dated March 10, 1986, recorded at the Commonwealth Recorder on March 11, 1986, as File No. 86-0450, affecting property described as follows:

E.A. No. 121 "C", containing an area of 6,290 square meters, more or less, as more particularly described on Drawing/Cadastral Plat No. 102/78, the original of which was registered with the Land Registry as Document No. 7464 on the 23rd of June, 1978.

2. Under the last sentence of Paragraph 1 of said lease, it is stated that the term of the lease is Fifty-Five years, commencing on the Eighth day of March, 1986, and ending on the Eighth day of March, 2041.

3. The parties desire to modify the above term to clarify their intent that only a Fifty-Five year lease was intended so that the said lease would commence on the Eighth day of March, 1986, and end on the Seventh day of March, 2041.

4. The parties additionally desire to confirm said lease in all other respects.

In consideration of the mutual covenants contained herein, the parties agree as follows:

The last sentence of Paragraph 1 of the lease dated March 10, 1986, between lessor and lessee for the premises at Saipan, Mariana Islands, recorded at the Commonwealth Recorder on

March 11, 1986, as File No. 86-0450, shall be modified and clarified as follows:

To have and to hold the same, together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in any wise appertaining, for a term of Fifty-Five years, commencing on the Eighth day of March, 1986, and ending on the Seventh day of March, 2041.

All other provisions of the lease are confirmed and shall continue in full force.

IN WITNESS WHEREOF, the parties have executed this modification and confirmation at Saipan, Northern Mariana Islands, the day and year first above written.

LESSOR:

LESSEE:  
GRACE INTERNATIONAL, INC.  
A NORTHERN MARIANA ISLAND  
CORPORATION

Jovita B. Tomokane  
JOVITA B. TOMOKANE

By: [Signature]  
LAM CHOR SING  
Its Authorized Representative

COMMONWEALTH OF THE NORTHERN  
MARIANA ISLANDS  
SAIPAN, MARIANA ISLANDS

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ACKNOWLEDGEMENT

On this 28<sup>th</sup> day of October, 1987, before me, the undersigned notary, personally appeared JOVITA B. TOMOKANE, known to me to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[Signature]  
NERSON K. RAMON  
NOTARY PUBLIC

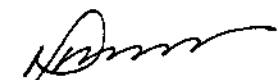
Government of the Northern Mariana Islands

My Commission Expires on the  
6<sup>th</sup> day of Feb. 1989

COMMONWEALTH OF THE NORTHERN :  
 MARIANA ISLANDS : ACKNOWLEDGEMENT  
 SAIPAN, MARIANA ISLANDS :  
 \_\_\_\_\_ :

On this 22<sup>nd</sup> day of October, 1987, before me, the undersigned notary, personally appeared LAM CHOR SING, known to me to be the duly authorized representative of Grace International, Inc., that executed the within instrument, and acknowledged to me that such corporation executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

  
 NERSON K. RAMON  
 NOTARY PUBLIC  
 Government of the Northern Mariana Islands  
 My Commission Expires on the  
6th day of Feb. 1987

BORJA and SALAS  
 ATTORNEYS AT LAW  
 P.O. Box 1389  
 SAIPAN, CM 96950

TELEPHONE 134-7356 or 234-7456